

RECORD REQUEST OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO KEYSpan ENERGY DELIVERY NEW ENGLAND

D.T.E. 05-68

Dated: April 6, 2006
Respondent: Leo Silvestrini

Record Request DTE-1

- Q. Please supplement the Company's response to Exhibit KED-DTE-1-13 to include the EnergyNorth GAF for the past three calendar years. Also, please include an explanation of any discrepancy of more than ten percent (10%) between EnergyNorth and the other Massachusetts utilities.
- A. Please see Attachment RR-DTE-1, which includes the EnergyNorth GAF for the past three years. The discrepancies between the GAF for EnergyNorth and the GAFs for the KeySpan Massachusetts companies are caused by three primary factors: (1) differing practices for gas purchases, (2) differing cost of gas adjustment clauses, and (3) differing resource portfolios.

With regard to purchasing practices, the EnergyNorth is required to hedge up to 70 percent of its commodity gas supplies and has done so since 2003 and prior. Conversely, the Massachusetts companies commenced a plan to stabilize prices through fixed-price purchases in November 2004.

Second, the EnergyNorth cost of gas adjustment clause allocates 50 percent of the long-haul pipeline demand charges to the winter and 50 percent to the summer, while the Massachusetts clause allocates 86 percent to the winter and 14 percent to the summer. Overall, EnergyNorth recovers 78 percent of total demand charges in the winter and 22 percent in the summer, whereas the Massachusetts companies recover 92 percent in the winter and 8 percent in the summer.

In addition, the EnergyNorth demand charges are less than the Massachusetts companies' because EnergyNorth is served only by the Tennessee Gas Pipeline system, which is generally less expensive than the Algonquin system. The Massachusetts companies are served by both the Tennessee and Algonquin systems.